



U.S. Department of the Interior
Office of Inspector General

SURVEY REPORT

**CONTRACTING FOR
REFORESTATION AND FOREST DEVELOPMENT,
BUREAU OF LAND MANAGEMENT**

**REPORT NO. 95-I-1405
SEPTEMBER 1995**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

SEP 29 1995

MEMORANDUM

TO: The Secretary

FROM: Wilma A. Lewis
Inspector General

SUBJECT SUMMARY: Final Survey Report for Your Information - "Contracting for Reforestation and Forest Development, Bureau of Land Management" (No. 95-I-1405)

Attached for your information is a copy of the subject survey report.

The Bureau of Land Management's Oregon State Office and three district offices awarded and administered their reforestation and forest development contracts for fiscal years 1992 through 1994 in accordance with applicable laws and regulations. Contract files at the State Office and district offices were thorough and complete and reflected the chronology of events that took place during the contract award and administration process. In addition, these contracts were normally awarded to those individuals and companies that submitted the lowest responsive offer or quote. Also, district and resource office personnel monitored contractor performance to ensure that the contractors complied with the terms and conditions of the contracts and that the work was performed as required. The report contained no recommendations, since no deficiencies were disclosed by the review.

If you have any questions concerning this matter, please contact me at (202) 208-5745.

Attachment



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Headquarters Audits
1550 Wilson Boulevard
Suite 401
Arlington, VA 22209

SEP 29 1995

MEMORANDUM SURVEY REPORT

To: Director, Bureau of Land Management

From: *for* Marvin Pierce *Judy R. Harrison*
Acting Assistant Inspector General for Audits

Subject: Contracting for Reforestation and Forest Development, Bureau of Land Management (No. 95-I-1405)

INTRODUCTION

This report presents the results of our survey of contracts awarded by the Bureau of Land Management for reforestation and forest development in western Oregon. The objective of the survey was to determine whether the Bureau's Oregon State and District Offices: (1) awarded and administered contracts for reforestation and forest development in accordance with applicable laws and regulations and (2) ensured that contractors complied with the terms and conditions of the contracts.

BACKGROUND

The Bureau of Land Management is responsible for managing about 2.4 million acres of Oregon and California Railroad grant lands and Coos Bay Wagon Road grant lands in western Oregon. These lands were revested or reconveyed to the Bureau under the Oregon and California Revested Lands Sustained Yield Management Act of August 28, 1937. The Act provided for the management, protection, and development of timber resources and for the operation, maintenance, reforestation, and other improvements on the lands. The Act requires that timber be sold, cut, and removed in accordance with the principle of "sustained yield."²

¹The Bureau of Land Management, as used in this report, includes the Oregon State Office and its 10 district offices. Six of the 10 district offices (Coos Bay, Eugene, Lakeview, Medford, Roseburg, and Salem) are responsible for administering reforestation and forest development programs.

²Sustained yield entails managing the forest lands in accordance with approved resource management plans to provide a permanent source of timber supply. The sustained yield of forest products contributes to the economic stability of local communities and to continuing forest values.

To maintain the sustainability of forest resources, the Bureau's forestry program for western Oregon includes reforestation and forest development activities to prompt forest regeneration after timber harvesting and to ensure that new forests will grow at rates projected in the approved resource management plans developed by the Bureau. Reforestation and forest development activities include site preparation; tree planting; protection of newly planted seedlings from vegetation and animals; and growth enhancing and forest health practices, such as density control, prescribed burning, fertilization, pruning, and genetic tree improvements.

To accomplish these activities, the Bureau enters into contracts with qualified individuals and companies. Title 48 of the Code of Federal Regulations sets forth the requirements for the acquisition and administration of Government contracts.³ Contracts in excess of \$25,000 are awarded by the contracting officer in the Oregon State Office, whereas contracts for less than \$25,000 are awarded by contracting officers at the district offices. During fiscal years 1992 through 1994, the contracting officer in the Bureau's Oregon State Office awarded 264 contracts, totaling about \$25 million, for reforestation and forest development activities in western Oregon, while contracting officers at the six district offices with reforestation and forest development programs awarded 325 such contracts, totaling over \$3 million. The State Office and district office contracting officers are responsible for administering their respective contracts, while district and resource area office personnel, acting in the capacity of contracting officer representatives or project inspectors, are usually responsible for ensuring contractor performance regardless of contract amount.

SCOPE OF SURVEY

The audit survey was made, as applicable, in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances. Our survey, conducted during the period June through August 1995, included an evaluation of the contracting activities of the Bureau of Land Management's State Office in Portland, Oregon, and the Bureau's District Offices in Medford, Roseburg, and Coos Bay, Oregon,⁴ during fiscal years 1992 through 1994 and visits to various Bureau forest lands. As part of the survey, we performed an evaluation of the Bureau's system of internal controls

³The regulations establish requirements for: (1) acquisition planning, including solicitation of offers, advertising, competition, award, and contract performance; (2) contracting methods and contract types, including small purchases, sealed bidding, and negotiation; (3) socioeconomic programs, including small business concerns and application of labor laws; and (4) contract management, including administration, modifications, subcontracting, and termination.

⁴These three districts were selected because they had the largest reforestation and forest development programs.

related to awarding and administering reforestation and forest development contracts to the extent we considered necessary to accomplish the audit objective. In this regard, we also relied on a September 1994 Technical Procedures Review conducted by the Bureau's Washington, D.C. office (see Results of Survey section). Our evaluation did not disclose any material weaknesses. We also reviewed the Department of the Interior's Annual Statement and Report, required by the Federal Managers' Financial Integrity Act, for fiscal years 1992 through 1994 and determined that none of the Department's reported weaknesses were related to the objective and scope of this audit.

PRIOR AUDIT COVERAGE

Neither the Office of Inspector General nor the General Accounting Office has issued any reports on the Bureau of Land Management's contracting for reforestation and forest development. The Office of Inspector General did issue the February 1994 report "Forestry Operations in Western Oregon, Bureau of Land Management" (No. 94-I-359), which discussed the Bureau's reforestation and forest development program. This report stated that the Bureau continued to experience significant reforestation and forest development backlogs because it did not request or receive sufficient funding through the budget process to eliminate these backlogs and because forestry program funds of about \$5.4 million were used for overhead costs of programs not related to forestry. The Bureau concurred with the intent of the report's three recommendations but did not agree that there was a backlog in tree planting. The recommendations were referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.

RESULTS OF SURVEY

We found that the Bureau of Land Management's Oregon State Office and the Medford, Roseburg, and Coos Bay District Offices awarded and administered their reforestation and forest development contracts for fiscal years 1992 through 1994 in accordance with applicable laws and regulations. We reviewed 30 contracts, totaling about \$5.3 million, awarded by the State Office and 50 contracts, totaling about \$668,000 awarded by the three district offices. Contract files located at the State and District Offices were thorough and complete and reflected the chronology of events that took place during the contract award and administration processes. The State and District Office contracting officers normally awarded the reforestation and forest development contracts to those individuals and companies that submitted the lowest responsive offer or quote.

In addition, major contracts and small purchases at the Oregon State Office and purchases at the Coos Bay, Eugene, and Prineville District Offices were addressed in a September 1994 Technical Procedures Review issued by the Bureau's

Washington, D.C. office. The Review concluded that the contracting operation in the State Office ranged from “very good to excellent” and that contracting activities were efficient and effective, primarily because of the capabilities of the procurement staff. The Review also concluded that the small purchasing function in the State Office was “very good” and that the procurement function⁵ was “generally good” at the Coos Bay and Prineville District Offices and “outstanding” at the Eugene District Office.

We also found that district and resource area office personnel monitored contractor performance to ensure that the contractors complied with the terms and conditions of the contracts and that the work was performed as required. For example, we found that project inspectors generally monitored the contractors’ performance on a daily basis and reduced payments to the contractors when the quality of work was substandard or when the time allowed by the contracts was exceeded. In six cases where the contractors did not comply with the contract requirements, the contracts were terminated.

On September 26, 1995, we discussed the results of our review and a draft of this report with officials from the Bureau’s Oregon State Office, who agreed with the conclusions contained in the report.

Since this report does not contain any recommendations, a response is not required. However, if you have any questions regarding this report, please contact Mr. George Lincoln, Senior Auditor, or Mr. Robert Williams, Regional Audit Manager, Western Region, at (916) 979-2700.

cc: Director, Oregon State Office - Bureau of Land Management
Manager, Medford District Office - Bureau of Land Management
Manager, Roseburg District Office - Bureau of Land Management
Manager, Coos Bay District Office - Bureau of Land Management

⁵The procurement function reviewed at the district offices represented all types of purchases under \$25,000, including purchase and/or delivery orders, blanket purchase agreements, imprest fund transactions, and credit card transactions.

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